



COMPASS GOVERNMENT
RELATIONS PARTNERS

January 28, 2020

Statement in FAVOR w/ AMENDMENTS

**Vehicle Laws – Manufacturers and Dealers – Advertisements
SB 178**

Before the Senate Judicial Proceedings Committee

Sponsors: Senator Hough

Cosponsors: Chairman Smith, Vice Chairman Waldstreicher, and Senators Lee and Ready

SB 178 is pro-consumer and pro-local business, auto dealer.

SB 178 is bipartisan.

SB 178 is straight-forward and is needed.

While auto dealers and manufacturers largely work together, there are instances where due to the vast unequal bargaining power, many dealers are afraid to speak up against the global corporation manufacturers out of fear of losing incentives or other tools, which could negatively impact already very thin profit margins for auto dealers.

Global manufacturers remove transparency and price competition for car buyers by setting a “Minimum Allowable Advertised Price” (MAAP). Many manufacturers prohibit dealers from advertising prices lower than the MAAP on the internet, other media, and e-mails blasts.

Dealers can sell a car at a price lower than MAAP, but cannot advertise such price on the internet or by way of mass e-mail to its customers. Manufacturers prevent dealers from advertising the price that the dealer is willing to sell the car by withholding incentives.

SB 178 fixes this by prohibiting manufacturers from using strong-arm tactics against price transparency and competition.

With the sponsor amendment to SB 178, a manufacturer may not:

1. Prohibit a dealer from advertising a vehicle for a sale or lease at the purchase price;
2. Coerce or require a dealer to advertise a price that is different from the purchase price;
or
3. Take an adverse action against a dealer for advertising the purchase price of a vehicle.

While opponents may say that this anti-transparency approach has been around for a long-time or that no one is complaining about price transparency and competition, they cannot offer a reason why 1-3 above (as stated in the bill as amended) should not be the law.

Ask the opponents why a manufacturer would want to:

- Prohibit a dealer from advertising a vehicle at a price that the dealer wants to sell the car for?
- Coerce a dealer to advertise a price at a price different than what the dealer wants to sell the car for?
- Take an adverse action against a dealer for advertising a price higher than what the dealer wants to sell the car for?

In addition, we have added language that the AG requested, which states that:

Nothing in this subsection prohibits a manufacturer, distributor, or factory branch from requiring all dealers to include freight or dealer processing charges in an advertisement of a vehicle's purchase price.

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